GOLDLION HOLDINGS LIMITED

金利來集團有限公司

(Incorporated in Hong Kong under the Hong Kong Companies Ordinance)

(Stock code: 533)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2007

RESULTS

The Board of Directors is pleased to announce the unaudited condensed consolidated results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 30th June 2007 as follows:

Condensed Consolidated Interim Profit and Loss Account
For the six months ended 30th June 2007

		Unaudited	
		Six months ended	
		30.6.2007	**30.6.2006**
	Note	HK$'000	HK$'000
Turnover	2	492,413	363,302
Cost of sales	3	(185,923)	(143,166)
Gross profit		306,490	220,136
Other gain - fair value gains on investment properties		39,296	33,681
Selling and marketing costs	3	(101,254)	(80,996)
Administrative expenses	3	(94,782)	(60,649)
Operating profit		149,750	112,172
Interest income		6,030	5,813
Profit before income tax		155,780	117,985
Income tax credit/(expense)	4	13,414	(33,573)
Profit for the period		169,194	84,412
Attributable to:			
Equity holders of the Company		168,835	83,975
Minority interest		359	437
		169,194	84,412
Interim dividend		39,285	30,925
		HK cents	*HK cents*
Earnings per share for profit attributable to the equity holders of the Company during the period	5		
- basic		17.72	8.96
- diluted		17.72	8.96

Condensed Consolidated Interim Balance Sheet
As at 30th June 2007

	Note	As at 30.6.2007 (Unaudited) HK$'000	31.12.2006 (Audited) HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		111,727	113,167
Property, plant and equipment		114,832	108,291
Investment properties		1,452,798	1,089,002
Deferred income tax assets		23,582	22,553
		1,702,939	1,333,013
Current assets			
Property under development held for sale		55,617	23,368
Inventories		84,718	78,849
Trade receivables	6	28,938	34,953
Prepayments and deposits		30,736	22,485
Cash and cash equivalents		387,107	518,976
		587,116	678,631
Total assets		**2,290,055**	**2,011,644**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		98,211	93,711
Reserves		1,724,401	1,506,893
Proposed dividend		39,285	61,849
		1,861,897	1,662,453
Minority interest		1,670	1,311
Total equity		1,863,567	1,663,764
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		169,954	122,125
Current liabilities			
Trade payables	7	17,374	28,120
Other payables and accruals		207,921	168,053
Tax payables		31,239	29,582
		256,534	225,755
Total liabilities		426,488	347,880
Total equity and liabilities		**2,290,055**	**2,011,644**
Net current assets		330,582	452,876
Total assets less current liabilities		2,033,521	1,785,889

Notes:

1. Principal accounting policies

This unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This unaudited condensed consolidated interim financial information should be read in conjunction with the 2006 annual financial statements.

The accounting policies adopted in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual report for the year ended 31st December 2006, except for the adoption of the following standard, amendment and interpretations, which are effective for accounting periods beginning on or after 1st January 2007.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC) Interpretation 7	Applying the Restatement Approach under HKAS 29
HK(IFRIC) Interpretation 8	Scope of HKFRS 2
HK(IFRIC) Interpretation 9	Reassessment of Embedded Derivatives
HK(IFRIC) Interpretation 10	Interim Financial Reporting and Impairment

The adoption of the above new standard amendment and interpretations has no material impact on the Group's balance sheet and profit and loss account.

No early adoption of the following new standard, amendment and interpretations that have been issued but are not yet effective. The adoption of such new standard, amendment and interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) Interpretation 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) Interpretation 12	Service Concession Arrangements

2. Turnover and segment information

The Group is principally engaged in the distribution and manufacturing of garments, leather goods and accessories, licensing of brand name, and property investments and development. Turnover recognised during the period were as follows:

	Six months ended	
	30.6.2007	**30.6.2006**
	HK$'000	HK$'000
Sales of goods	423,760	314,505
Gross rental income from investment properties	37,458	29,563
Building management income	12,963	3,081
Licensing income	18,232	16,153
	492,413	363,302

An analysis of the Group's segment information by business segment is set out as follows:

	Six months ended		Six months ended	
	30.6.2007	**30.6.2006**	**30.6.2007**	**30.6.2006**
	Segment turnover	**Segment turnover**	**Segment results**	**Segment results**
	HK$'000	HK$'000	HK$'000	HK$'000
Business segments				
Apparel	441,992	330,658	135,732	72,928
Property investments and development	51,100	32,931	35,924	56,643
Inter-segment sales	(679)	(287)	-	-
	492,413	363,302	171,656	129,571
Unallocated costs			(15,876)	(11,586)
Profit before income tax			155,780	117,985

An analysis of the Group's segment information by geographical segment is set out as follows:

	Six months ended		**Six months ended**	
	30.6.2007	**30.6.2006**	**30.6.2007**	**30.6.2006**
	Segment turnover	**Segment turnover**	**Segment results**	**Segment results**
	HK$'000	HK$'000	HK$'000	HK$'000
Geographical segments				
China Mainland	404,258	291,144	160,023	122,238
Hong Kong SAR	21,321	19,822	108	(726)
Singapore and Malaysia	65,679	51,637	13,037	9,340
Other countries	1,155	699	(1,512)	(1,281)
	492,413	363,302	171,656	129,571
Unallocated costs			(15,876)	(11,586)
Profit before income tax			155,780	117,985

3. Expenses by nature

	Six months ended	
	30.6.2007	**30.6.2006**
	HK$'000	HK$'000
Cost of goods sold	181,897	131,160
(Reversal)/provision for impairment of inventories	(3,011)	7,109
Direct operating expenses arising from investment properties	7,037	4,897
Amortization of leasehold land and land use rights	1,842	1,792
Depreciation of property, plant and equipment	6,291	6,340
Impairment for property, plant and equipment	-	2,630
Staff costs including directors' emoluments	79,582	54,810
Other expenses	108,321	76,073
	381,959	284,811
Representing:		
Cost of sales	185,923	143,166
Selling and marketing costs	101,254	80,996
Administrative expenses	94,782	60,649
	381,959	284,811

4. Income tax credit/(expense)

No Hong Kong profits tax has been provided as there is no estimated assessable profits or there are available tax losses available to offset assessable profits for the period. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the regions/countries in which the Group operates.

The amount of income tax (credited)/charged to the condensed consolidated interim profit and loss account represents:

	Six months ended	
	30.6.2007	**30.6.2006**
	HK$'000	HK$'000
Taxation outside Hong Kong		
Current period	29,156	17,387
Under provision in prior periods	-	275
	29,156	17,662
Deferred income tax	(42,570)	15,911
Total income tax (credit)/expense	(13,414)	33,573

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law") approved by the National People's Congress on 16th March 2007, the new enterprise income tax rates for domestic enterprises and foreign invested enterprises are unified at 25% with effect from 1st January 2008. Regarding the deferred income tax assets and liabilities of certain PRC subsidiaries which are expected to be settled after 1st January 2008, the Group made an adjustment to their carrying amounts using the applicable tax rate of 25%, resulting in reduction in deferred income tax assets by approximately HK$1,205,000 and liabilities by approximately HK$53,023,000 in the six-month period ended 30th June 2007. The reduction in deferred income tax liabilities was mainly attributable from the reduction of applicable tax rate from 33% to 25% on the fair value gains of the investment properties held in PRC.

The new CIT Law has provided that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Company will assess their impact, if any.

5. Earnings per share

The calculation of basic earnings per share is based on profit attributable to the equity holders of the Company of HK$168,835,000 (six months ended 30th June 2006: HK$83,975,000) and the weighted average number of 952,528,400 (six months ended 30th June 2006: 937,114,035) shares in issue during the period.

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares in issue during the period ended 30th June 2006 and 30th June 2007.

6. **Trade receivables**

The Group grants credit terms to customers ranging from cash on delivery, letter of credit or 30 to 90 days after delivery. The ageing analysis of the trade receivables, net of provision, was as follows:

	As at 30.6.2007	**As at 31.12.2006**
	HK$'000	HK$'000
1-30 days	16,224	26,751
31-90 days	12,714	8,202
	28,938	34,953

7. **Trade payables**

The ageing analysis of the trade payables was as follows:

	As at 30.6.2007	**As at 31.12.2006**
	HK$'000	HK$'000
1-30 days	14,715	22,465
31-90 days	2,239	5,569
Over 90 days	420	86
	17,374	28,120

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 4.0 HK cents per share (2006: 3.3 HK cents per share) for the year ending 31st December 2007, totalling HK$39,285,000 (2006: HK$30,925,000), which is expected to be payable on or about 17th October 2007 to shareholders whose names appear on the Register of Members as at 5th October 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The Group continued to perform well in the six months ended 30th June 2007, with turnover as well as overall profits registering satisfactory growth. Turnover for the period totaled HK$492,413,000, or 36% over the same period last year. The growth in sales mainly originated from our two major markets of China Mainland and Singapore while our major avenues of income, namely sales of goods, rentals from investment properties and licensing income, combined to produce an income over and above the corresponding period last year.

As for profits, profit attributable to equity holders of the Company during the period was HK$168,835,000, rising substantially by 101% from last year's HK$83,975,000.

According to an independent professional valuation of the Group's investment properties conducted as at 30th June 2007, fair value gains on investment properties were recorded at HK$39,296,000 which also resulted in deferred taxation charges of approximately HK$9,658,000 (calculated by prevailing applicable tax rates). Fair value gains and related deferred taxation charges for the same period last year were HK$33,681,000 and HK$5,780,000 respectively.

Besides, the Group also recorded a deferred tax credit of approximately HK$51,818,000 during the period. Pursuant to the new Corporate Income Tax Law of the People's Republic of China, the new enterprise income tax rates for domestic enterprises and foreign invested enterprises are unified at 25% with effect from 1st January 2008. Accordingly, the Group made an adjustment to its deferred income tax assets and liabilities of certain PRC subsidiaries that are expected to be settled after 1st January 2008 using the applicable tax rate of 25%, which resulted in a reduction of net deferred tax liabilities of HK$51,818,000 during the period under review.

Excluding the fair value gains on investment properties, its related deferred taxation charges, and effects of the change of PRC tax rate on the Group's deferred tax position, profit attributable to equity holders was HK$87,379,000, or an increase of about 56% over the corresponding amount of HK$56,074,000 last year.

BUSINESS REVIEW

Apparel Business

China Mainland Market

With overall apparel sales rising steeply by 38%, there is much cause for celebration regarding the Group's performance in the China Mainland market during the period under review. The increase was induced by the upgraded designs of the Group's products as much as the appreciation of the Renminbi ("RMB").

During the period, we have continued to gear our efforts towards attaining the status of a designer label. By taking on board more designers, we have been able to introduce more fashionable designs into our increasingly serialized new launches. Our much welcomed 2007 spring and summer collections, for instance, have set themselves conspicuously apart from any of the previous ones in terms of both stylishness and fabric.

Parallel with this is the further consolidation of our sales network on the Mainland, which is at present supported by as many as 900 distribution outlets. Sales have been boosted thanks to improved decoration and display as well as expanded coverage of the distribution network.

Consumer demand for the Group's products has further been fueled by the wealth effect springing from the vibrant economy, especially the bullish capital market, on the Mainland.

To achieve even better results in our sales, communication with our distributors was strengthened in line with our on-going practice through more frequent briefings so as to keep them promptly informed of the latest developments in the Group's business strategies and production directions for adjustment in their marketing approaches.

Singapore and Malaysia Markets

The Singapore market has continued to perform much to our satisfaction during the period under review. Boosters for the retail market were found in the thriving local economy and low unemployment rate. Naturally, the strong Singapore Dollar has also contributed to the increase in our overall sales by about 27%.

The focus of attention during the period was on upgrading the overall quality of our products in a bid to meeting more fully our customers' expectations for design, fabric and style. Local sales also benefited from our initiative to attract a more defined clientele by opening shops specializing in apparel and accessories respectively.

At the end of June 2007, the Group directly operated 27 Goldlion outlets in Singapore, or up by two from end of last year. Sales for all major comparable outlets have invariably risen during the period.

Business for "Camel Active" has been steadily climbing over the same period along with improvement in quality. The six outlets operating locally combined to reap an increase of 43% in sales over the same period last year, accounting for approximately 6% of the overall local turnover.

The outlets in Malaysia, the number of which remained to be 26, were performing satisfactorily. Sales grew by about 11% at local currency when compared with that of last year.

Hong Kong Market

Despite the spiraling operating costs, the Group's local apparel business continued to be operated steadily. The period saw the opening in April of a new accessories shop with a refreshing look. With the number of direct outlets dropping to four, sales fell by about 20% accordingly.

As for projecting an appealing image for our brand, our concept store "TSR" in Lan Kwai Fong, Central, has continued to play an effective and essential role.

Licensing Income

The Group received licensing income of HK$18,232,000, or an increase of about 13% during the period. The increase was largely due to the incremental increases in licensing income stipulated in the existing license agreements and the appreciation of the RMB. At present, the licenses granted range from leather goods, shoes, jewellery products, undergarments to woolen sweaters within the China Mainland market.

Property Investments and Development

Thanks to the rising RMB and the overall stability of the property market, the Group's investment in properties has continued to produce encouraging results. Fair value gains on investment properties for the period after independent professional valuation are HK$39,296,000 as compared with HK$33,681,000 for the same period last year.

Overall performance for leasing was equally satisfactory, with rental income reaching HK$37,458,000, or 27% over and above that for the corresponding period last year.

The main source of rental income remained to be the Goldlion Digital Network Centre in Tianhe, Guangzhou. The acquisition of Joint Corporation Limited at an aggregate consideration of HK$177,000,000 and 45,000,000 ordinary shares of the Company was completed by the end of April 2007. Together with the interests already held, the Group now owns approximately 96.3% of the total office area and 100% of car parking spaces of the building. As a result, rental income from the building rose by approximately 29%, or about 7% if excluding the effect of the newly acquired premises, over the same period last year. Besides, the Group has provided quality building management services to tenants of the building through its property management subsidiary since end of last year. The said property management subsidiary recorded a building management income of HK$7,789,000 and was able to achieve breakeven during the period under review.

Almost fully occupied, the Goldlion Commercial Building held by the Group in Shenyang enjoyed stability in its overall leasing position. Given the similarity of tenancies to those of last year, rental income grew by about 6%.

Reflecting the congenial climate in the rental market, the rise in both leasing rate and rental levels have pushed overall rental income from the Group's properties in Hong Kong up by approximately 24% during the period under review.

The development project in Meizhou, Guangdong, progressed as planned during the period, with total development costs amounting to HK$55,617,000 as at end of June 2007.

PROSPECTS

The Group is optimistic about its business outlook for the latter half of the year. Regarding the Mainland apparel business, focus will continue to be placed on overall quality enhancement. Aided by effective marketing, it is expected that the Group's leading position can be secured even further.

As for the Singapore market, our objectives will be to extend our coverage of the market and to maintain a reasonable level of profits to counter the increasingly swelling local operating costs. There are also plans to upgrade the local computer system by the end of the year for higher efficiency in our operations.

Turning to property investment, the Group's rental income is expected to climb further following the acquisition of remaining interests in the Goldlion Digital Network Centre in Guangzhou. In tandem with this, the Group will continue to improve the quality and rental value of our other investment properties in the hope of gaining even better returns.

Judging from the satisfactory progress of the property development project in Meizhou, it is expected that the pre-sale will take place in the fourth quarter of 2007 and the construction will be completed by end of 2007 as scheduled while income from the project will be recognized in 2008.

FINANCIAL POSITION

As at 30th June 2007, the Group had cash and bank balances of approximately HK$387,107,000, which was HK$131,869,000 lower than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$119,457,000 and gains from foreign exchange rate changes of HK$14,545,000. However, the Group also paid dividends of HK$64,820,000, acquired Joint Corporation Limited with a cash consideration of HK$177,000,000 and paid for the Meizhou property development project of approximately HK$32,249,000. As at 30th June 2007, the Group did not have any bank loans or overdrafts.

As at 30th June 2007, the Group's current assets and liabilities were HK$587,116,000 and HK$256,534,000 respectively, with current ratio at 2.3. Total current liabilities were only 15% of the average capital and reserves attributable to the Company's equity holders of HK$1,762,175,000.

As at 30th June 2007, the Group did not have any material contingent liabilities and did not charge any of the Group's assets. As at 30th June 2007, the Group had commitments of HK$54,948,000 being the remaining construction contract sum of the Meizhou property development project contracted but not provided for.

HUMAN RESOURCES

At 30th June 2007, the Group had approximately 1,500 employees. Employees' costs during the first six months of the year including directors emoluments amounted to HK$79,582,000. The Group ensures that employees' remuneration packages are competitive and are determined mainly on factors including job nature, market conditions, individual performance, qualification and experience. The Group also provides other benefits to its employees and training as and when required.

CLOSURE OF REGISTER OF MEMBER

Register of Members of the Company will be closed from 4th October 2007 to 5th October 2007 (both days inclusive), during which period no transfer will be effected.

In order to qualify for the above-mentioned interim dividend, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Wednesday, 3rd October 2007 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the six months ended 30th June 2007 except that all of the non-executive Directors of the Company have not been appointed for a specific term but are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Articles of Association of the Company.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. During the six months ended 30th June 2007, all the Directors have complied with the relevant requirements under the Model Code regarding their dealing in the securities of the Company.

AUDIT COMMITTEE

The Company has formed an Audit Committee to review and supervise the financial reporting process and internal control procedures of the Group. At present, the Audit Committee has four members including Mr. Yin, Richard Yingneng (Chairman), Mr. Wong Ying Ho, Kennedy (Deputy Chairman) and Dr. Lau Yue Sun, all of them are independent non-executive Directors, and Mr. Ng Ming Wah, Charles, a non-executive Director of the Company.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's unaudited interim financial information for the six months ended 30th June 2007. At the request of the Board of Directors, the Company's external auditors have carried out a review of this unaudited interim financial information in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE COMPANY AND THE STOCK EXCHANGE

The interim results announcement is published on the website of the Company (www.goldlion.com) and the Stock Exchange (www.hkex.com.hk). The 2007 interim report, containing all the information required by relevant paragraphs in Appendix 16 to the Listing Rules, will be despatched to shareholders and make available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the directors of the Company comprise Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan as executive Directors; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Mr. Wong Ying Ho, Kennedy and Mr. Yin, Richard Yingneng as independent non-executive Directors.

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 18th September 2007